



Your Touchstone Energy® Cooperative 

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**In the Matter of:**

**ELECTRONIC EXAMINATION OF THE )  
APPLICATION OF THE FUEL ADJUSTMENT )  
CLAUSE OF BIG RIVERS ELECTRIC )  
CORPORATION FROM )  
MAY 1, 2017 THROUGH OCTOBER 31, 2017 )**

**Case No.  
2018-00023**

**Responses to Commission Staff's Second Request for Information  
dated  
March 28, 2018**

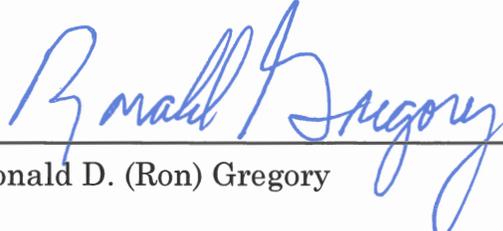
**FILED: April 4, 2018**

**BIG RIVERS ELECTRIC CORPORATION**

**AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT  
CLAUSE OF BIG RIVERS ELECTRIC CORPORATION  
FROM MAY 1, 2017 THROUGH OCTOBER 31, 2017  
CASE NO. 2018-00023**

**VERIFICATION**

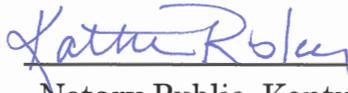
I, Ronald D. (Ron) Gregory, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

  
\_\_\_\_\_

Ronald D. (Ron) Gregory

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

SUBSCRIBED AND SWORN TO before' me by Ronald D. (Ron) Gregory on  
this the 4 day of April 4, 2018.

  
\_\_\_\_\_

Notary Public, Kentucky State at Large

My Commission Expires 10-31-2020

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**VERIFICATION**

I, Mark W. McAdams, verify, state, and affirm that the data request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



\_\_\_\_\_  
Mark W. McAdams

COMMONWEALTH OF KENTUCKY )  
COUNTY OF HENDERSON )

4<sup>th</sup> SUBSCRIBED AND SWORN TO before me by Mark W. McAdams on this the  
\_\_\_\_ day of April, 2018.



\_\_\_\_\_  
Notary Public, Kentucky State at Large

My Commission Expires 10-31-2020

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1 **Item 1)** *Refer to the response to Commission Staff's First Request for*  
2 *Information ("Staff's First Request"), Item 3. This response shows that*  
3 *Station Two exceeded its inventory target level by 202 days. Furthermore,*  
4 *Big Rivers' total-system inventory exceeded its target inventory by 25 days.*

5

6 *a. State if Big Rivers has considered selling any of the*  
7 *Station Two coal inventory to other parties in order to*  
8 *reduce the oversupply of coal.*

9 *b. State if Big Rivers has experienced an increase in coal*  
10 *handling costs due to the oversupply of coal.*

11

12 **Response)**

13 a. Big Rivers has not, at this point in time, contemplated or elected  
14 to attempt to sell any of its coal inventory held at Station Two to  
15 any third party. Big Rivers has made significant reductions in  
16 its inventory levels over the past twenty-four (24) months,  
17 resulting in a greatly reduced physical coal inventory at Station  
18 Two.

19 As Big Rivers reported in its response to Item 11 of  
20 Commission Staff's Information Request dated February 5,  
21 2016, in Case No. 2016-00006, Stations Two's inventory level at  
22 October 31, 2015, was 313,340 tons. In Big Rivers' response to  
23 Item 3 of Commission Staff's Information Request in the current

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1 proceeding, Station Two's inventory as of October 31, 2017 was  
2 206,310 tons. From October 31, 2015, to October 31, 2017,  
3 Station Two's inventory decreased by 107,030 tons, slightly over  
4 a 31% decrease. Further measures to reduce inventory included  
5 a planned physical inventory transfer, over the time period of  
6 December 1, 2017, through March 28, 2018, resulting in  
7 transferring 86,953 tons of Station Two inventory to the  
8 adjacent Green Station for coal use. The Company plans to  
9 transfer another 30,000 tons of coal during April and May 2018,  
10 resulting in an estimated inventory at Station Two, by the end  
11 of May 2018, of 83,204 tons. Big Rivers will continue to reduce  
12 the Station Two inventory via coal burn and will review further  
13 transfer of coal, as necessary. Big Rivers is proceeding in a  
14 determined, yet conservative, reduction of inventory to ensure  
15 operations. Overall, in terms of a system evaluation, inventory  
16 reduction has also occurred at the Green and Wilson Stations.  
17 As of the date of this response, the overall system inventory  
18 forecasted by end-of-month March 2018 is 59 days' of inventory  
19 (within the system 60 days' of supply target).

20 b. Big Rivers has not experienced an increase in the coal handling  
21 costs due to oversupply of coal.

22  
23

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1

2 **Witness)** Mark W. McAdams

3

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1 **Item 2)** *Refer to the response to Staff's First Request, Item 15, page 4 of*  
2 *14. This response lists several outages titled "Hydrogen chloride (HCl)*  
3 *high limit out of compliance."*

4

5 *a. Explain more about this type of outage.*

6 *b. State if this issue is caused by burning coal with too much*  
7 *hydrogen chloride, or if it is caused by problems with*  
8 *emissions control systems.*

9

10 **Response)**

11 a. From July 28, 2017, through August 21, 2017, Henderson  
12 Station Two Unit 1 required three outages to determine the  
13 cause of quarterly HCl stack testing issues. During these  
14 outages, the Flue Gas Desulfurization ("FGD") equipment was  
15 inspected, cleaned, and adjusted; repairs were made to the FGD  
16 absorber agitator blades. However, even at the completion of  
17 this FGD maintenance, the HCl stack testing issues continued.  
18 Having exhausted all likely equipment-related causes, actions  
19 were taken to supply the unit with a blend of two different coals  
20 that would lower the chlorine content in the fuel being burned.  
21 The unit was returned to service on August 31, 2017, and  
22 additional HCl stack testing was performed on September 1,

**Case No. 2018-00023**

**Response to Staff's Second Item 2**

**Witnesses: Ronald D. Gregory and**

**Mark W. McAdams**

**Page 1 of 2**

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1                   2017. The test results showed the unit to be capable of normal  
2                   operation  
3                   b. Yes, the issue with the stack testing was determined to be  
4                   related to the chlorine content of fuel for Station Two. Big  
5                   Rivers is currently blending a lower chlorine content fuel with  
6                   the existing fuel inventory for continued operation.

7  
8  
9  
10  
11

**Witnesses)** Ronald D. Gregory  
Mark W. McAdams